

INFORMATION LETTER

Not for
Publication

NATIONAL CANNERS ASSOCIATION

For Members
Only

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Washington, D. C.

July 24, 1954

Area of Production Change is Rejected by Wage-Hour

The administrator of the Wage and Hour Division has decided, on the basis of the record of a public hearing held in 1951, that the present definition of "area of production," which has been previously established in accordance with Section 13(a)(10) of the Wage-Hour Law, should be permitted to continue unchanged. The determination took the form of an approval and adoption of the hearing officer's report and recommendations.

In determining that the existing definition of "area of production" is as satisfactory as the purpose and scope of the present statute permit, the administrator pointed to the conflicting nature of the various proposed amendments and the necessary discriminatory effects of each. The administrator concluded that:

"No change in the lines drawn by the previous definition which falls short of denying or granting the exemption to all employees in an industry can accomplish anything but a shifting of the discriminatory effect from one group to another. Moreover, the many attempts to draft revised and improved definitions, and the extensive studies made, have thus far proved unsuccessful in achieving a definition which is non-discriminatory and also carries out the Congressional intent."

The approved findings of the hearing officer include a recommendation "that the administrator again represent to the Congress that revision of the statute is necessary to eliminate competitive inequities."

The notice of the administrator's action is contained in the *Federal Register* of July 20.

Status of Farm Bill

General farm legislation scheduled to come up for Senate consideration this week was postponed because of prolonged debate on the Atomic Energy bill. Chairman Aiken of the Senate Agriculture Committee stated that he expects the Farm Bill to come before the Senate sometime after July 27.

Information Submitted on Canners Community Activities

Several of the state, regional and commodity associations are participating in current efforts to assemble information about cannery workers who have made outstanding contributions for the betterment of their employees, communities or other groups of people.

As part of the N.C.A. Consumer and Trade Relations program, it is planned to work such accomplishments into human-interest stories to be placed in newspapers and on radio and TV programs. To date, reports have come in from the following:

Tri-State Packers Association—Has gathered some case histories and is assembling more.

California Fish Cannery Association—Questionnaires have been sent to members for data.

Wisconsin Cannery Association—Reports seven examples, will gather more.

Iowa-Nebraska Cannery Association—Assembling data by questionnaire and letter.

Pennsylvania Cannery Association—Has submitted one case history and is gathering more.

Social Security Coverage

The Senate Finance Committee this week ordered reported to the Senate, with amendments, the House-passed bill (H.R. 9366) to extend the coverage of the old-age and survivor benefits program.

As approved by the Senate Committee, the bill will add \$600 million to the annual OASI "insurance" payments, making the total outlay \$4.2 billion. Under the Senate Committee's recommendations, 50,000 fishermen and 2,600,000 agricultural workers would be among those to whom the program would be extended.

The provision that a beneficiary (a person 65 years of age) could earn up to \$1,200 a year in covered employment without loss of OASI benefits is of particular importance to cannery workers. Under the present law, earnings in excess of \$75 a month disqualify an old-age beneficiary.

Larrick Succeeds Crawford As Food & Drug Commissioner

George P. Larrick, second ranking officer of the Food and Drug Administration for the past three years has been named Commissioner, succeeding Charles W. Crawford, whose retirement as of July 31 was announced July 23 by Federal Security Administrator Oveta Culp Hobby.

Mr. Crawford, 66, has spent 37 years in government service. He was engaged in Food and Drug activities at Chicago and New Orleans as an analyst before he came to Washington in 1918. In 1928 he became head of a new division handling enforcement activities, was appointed Assistant Commissioner in 1942, Deputy Commissioner in 1944, and has been Commissioner since June 1, 1951. He was FDA's principal representative in discussions with legislative advisors and members of Congress who wrote the present Federal Food, Drug, and Cosmetic Act of 1938.

Mr. Larrick, the new Commissioner, joined FDA in 1923 after attending Wittenberg College and Ohio State University. He started as an inspector at the Cincinnati station, was transferred to Washington in 1928, and became Senior Food and Drug inspector in 1930. Mr. Larrick made notable contributions in the form of improved training methods for FDA inspectors, and in the preparation and

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Philippine Trade Act

Continued free entry into the Philippines of U. S. articles, effective July 4, 1954 through December 31, 1955, was officially proclaimed by the President on July 10. A bill (H.R. 9315) has been enacted that provides for extension of free trade with the Philippines for 18 months. The President signed the bill on July 5.

Negotiations are to be held between the U. S. and the Philippines on possible modification of the 1946 agreement which has governed trade relations between the two countries. Consultations will begin soon. (See INFORMATION LETTER of October 3, 1953, page 294.)

Pack of Canned Meat

The quantity of meat canned and meat products processed under federal inspection during the month of June has been reported by the Bureau of Animal Industry, USDA. However, this report represents only the supply of meat products canned during that period and remaining for civilian consumption. Total production, including quantities for defense, was 126,741 thousand pounds.

Canned Meat and Meat Products Processed under Federal Inspection June, 1954

	3 Lbs. Under & over 3 Lbs. (in thousands of pounds)	Total
Luncheon meat.....	13,473 13,277	26,750
Canned ham.....	9,451 256	9,707
Corned beef hash.....	119 4,802	4,922
Chili con carne.....	353 2,035	2,388
Vienna sausage.....	62 4,608	4,670
Frankfurters and weiners in brine.....	3 102	105
Deviled ham.....	1,020	1,020
Other potted and deviled meat products.....	13 3,491	3,504
Tamales.....	40 1,168	1,217
Sliced, dried beef.....	22 427	450
Liver products.....	95	95
Meat stew.....	24 2,121	2,145
Spaghetti meat products.....	105 4,021	4,126
Tongue (not pickled).....	47 60	107
Vinegar pickled products.....	618 1,396	2,014
Bulk sausage.....	1,083	1,083
Hamburger.....	74 1,363	1,437
Soups.....	1,346 32,110	33,756
Sausage.....	332 290	601
Tripe.....	1 458	459
Brains.....	185	185
Iscon.....	59 52	111
All other products 20% or more meat.....	272 6,170	6,443
All other products less than 20% meat (except soup).....	145 11,273	11,418
Total all products.....	26,571 94,143	120,714

Review of Mid-Year Reports on General Business Situation

General business activity exhibited mixed trends during the second quarter of 1954, with most industries following usual seasonal patterns, according to the July report of the President's Council of Economic Advisors. By the end of June the business situation was characterized by general stability. Output was high and divergent trends in the economy largely offset each other.

The report pointed out that although there was a lower rate of economic activity in the second quarter than in the first, declines in production and national income apparently were concentrated in April. By mid-year the downtrend had been halted. "Gains during the past three months have on the whole been slight, but they have been reassuring, and the general feeling about the fall prospect is one of confidence," it was stated in the July

report of the National City Bank of New York.

During June the average hours worked per week increased, after a decrease in May, slightly less than that seasonally expected. Unemployment increased less than 2 percent during June, much less than seasonally expected. Personal income was up for April and increased during May for the second successive month. Retail sales increased in June, completely offsetting the decrease recorded for May. The American Institute for Economic Research concluded in their report of July 19 that no major changes in general business activity are likely to occur in the near future.

Some economic observers have pointed out that there are several confounding contradictions in the business outlook at present which add up to the probability of only moderate improvement in the near future and to a rather confused picture for the outlook for 1955 and 1956. The most important factors contributing to this point of view are: (1) the signs of strength that should be evident in an economy where a cyclical revival is getting under way are slow in showing up and (2) continued high defense expenditures, easy money, rising wages and increasing public works are slowly but steadily adding again to the inflationary potential.

Stocks of Canned Foods on July 1 and Season Shipments

Reports on canners' stocks and shipments of canned apples, apple sauce, RSP cherries, green and wax beans, beets, carrots, corn, and pumpkin and squash have been issued by

the N.C.A. Division of Statistics, and detailed reports covering July 1 stocks have been mailed to all canners packing these items.

	Carry- over month	Case basis	Total Supply 1952 1953	Stocks, July 1 1953 1954	Season Shipments to July 1 1953 1954
				(Thousands of cases)	
Apples.....	Aug. 6/10	3,840 3,120	308	240	3,532 2,872
Apple sauce.....	Aug. actual	10,220 11,384	556	1,012	9,065 10,371
Cherries, RSP.....	July actual	4,105 3,962	113	+167	3,992 3,795
Beans, green and wax.....	July actual	19,663 21,229	332	+2,209	19,331 21,939
Beets.....	July actual	9,080 10,584	1,447	+2,204	7,633 8,380
Carrots.....	July actual	2,816 3,157	328	+1,019	2,288 2,147
Corn.....	Aug. actual	38,640 38,562	3,881	6,662	34,759 31,900
Pumpkin and squash.....	July actual	4,501 3,876	1,330	+1,359	3,171 2,517

* Carryover from 1953 pack into 1954-55 season.

1954 Sweet Corn Acreage for Canning

Sweet corn planted for canning in 1954 totaled 416,376 acres, as compared with the 1953 planted acreage of 458,903 acres, according to a report by the N.C.A. Division of Statistics. The figures are based on actual reports from all canners known to be packing corn in 1954, including estimates for a few canners not reporting. The report covers only sweet

corn for canning and does not include acreage planted for freezing or other forms of processing. (The U. S. Department of Agriculture on June 24 issued a report estimating planted acreage of corn for processing at 489,900 acres.)

The following table shows the 1954 acreage of sweet corn planted for canning, by states and varieties:

	Country Gentlemen (acres)	Other White (acres)	Golden (acres)	Total (acres)
East				
Maine, Vermont, New Hampshire.....			6,433	6,433
New York.....			15,184	15,184
Maryland and Delaware.....	6,406	1,208	25,182	32,796
Pennsylvania.....	1,739	1,110	9,158	12,007
Other Eastern States ^b	294	70	106	442
Mid-west				
Ohio.....	1,150		7,670	8,820
Indiana.....	4,330	5,895	14,833	25,258
Illinois.....	21,157		11,050	32,207
Wisconsin.....	4,518	1,824	102,123	108,465
Minnesota.....	3,242		70,794	74,036
Iowa and Nebraska.....	790	1,048	29,185	31,023
Other Midwestern States ^c	258	940	3,845	5,043
West				
Western States ^d			28,062	28,062
U. S. Total.....	44,054	12,095	359,627	416,376

^a Includes small amount of white acreage. ^b Va., and W. Va. ^c Ark., La., Mich., Okla., Tenn., and Texas. ^d Colo., Idaho, Mont., Ore., Utah, Wash., and Wyo.

Green Peas for Processing

The 1954 indicated production of green peas for processing is 443,450 tons, according to the Crop Reporting Board of USDA. This estimate, which is based on conditions as of July 15 compares with 461,090 tons produced last year and is about 2 percent above the 10-year average production of 433,050 tons.

The July 15 indicated yield is 2,040 pounds per acre. This compares with the 1953 yield of 2,141 pounds and the average yield for the 1943-52 period of 2,004 pounds of peas per acre.

Decline in prospects during the first two weeks of July was largely centered in the northwest. In most of the rest of the country, harvesting was nearing completion by July 15.

State	10-year ave. 1943-52	1953 Re- vised	1954 Indi- cated	Per- cent change from 1953
—(tons, shelled)—				
Maine.....	5,510	7,600	9,070	+19
New York.....	26,450	20,200	16,290	-19
Pennsylvania.....	16,010	16,560	14,910	-10
Ohio.....	3,220	1,520	1,160	-24
Indiana.....	4,330	1,840	1,690	-10
Illinois.....	22,640	27,970	24,940	-11
Michigan.....	6,130	3,790	4,250	+12
Wisconsin.....	132,600	131,900	130,280	-1
Minnesota.....	39,430	50,730	58,500	+15
Iowa.....	4,720	2,280	2,250	-1
Delaware.....	2,240	2,610	3,250	+25
Maryland.....	10,580	9,740	10,580	+9
Virginia.....	1,810	2,250	1,920	-15
Idaho.....	8,540	9,670	9,890	+1
Colorado.....	3,950	2,660	1,670	-37
Utah.....	17,370	11,620	7,090	-35
Washington.....	59,170	81,580	77,180	-5
Oregon.....	50,860	54,980	50,350	-8
California.....	7,430	12,700	9,380	-26
Other states ¹	10,140	8,900	8,410	-6
U. S. Total.....	433,050	461,090	443,450	-4

¹ Ark., Ga., Kans., Mo., Mont., Nebr., N. J., Okla., Tenn., W. Va., and Wyo.

USDA to Purchase Peaches for School Lunch Program

The United States Department of Agriculture has issued announcements this week covering a contemplated purchase program for canned peaches for the School Lunch Program. Detail of schedules and specifications are given below:

Canned Clingstone or Freestone peaches to be purchased are of the 1954 pack. Offers may now be submitted for the sale of this commodity packed in No. 10 or No. 2½ cans. However, No. 10 size cans are preferred. Delivery is required during the period August 23 through October 2, 1954, as specified by USDA.

Send all offers to: Director, Fruit and Vegetable Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington 25, D. C.

Canned Foods For Korea

Canned foods are being sought in a current drive for supplies to be distributed to Korea by the American-Korean Foundation. In a list of grocery commodities considered most useful for Korean aid are the following canned foods:

Baby foods—All types, especially foods suitable for small infants.

Soups—All kinds.

Fruit and vegetable juices, especially citrus.

Fish, preferably without any fancy sauces.

Vegetables—All kinds, preferably plain, without sauce.

Meats—All kinds, preferably plain, without sauce.

Spaghetti and macaroni.

Canners interested in participating in the campaign should get in touch with Robertson Fort, National Trains Director, American-Korean Foundation, 270 Park Ave., New York 17, N. Y.

Purchases from 1953 Pack by Government Agencies

Government purchases from the 1953 canned food packs were announced this week by the Army Quartermaster Corps, the U. S. Department of Agriculture and the Veterans Administration.

Purchases by the QMC are shown below, converted from pounds to thousands of cases by the N.C.A. Division of Statistics, along with the Army requirements from 1953 pack as announced in February, 1953. The figures also show 1953 purchases as a percent of announced requirements:

	Canned Fruits		1953 Purchases as a per cent of require- ments
	1953 Require- ments (thousands of cases 24/8½)	1953 Purchases	
Apples.....	406	195	-52
Apple sauce.....	457	163	-64
Apricots.....	257	232	-10
Berries.....	163	84	-48
Cherries, RSP.....	225	144	-36
Cherries, sweet.....	61	35	-14
Figs.....	55	51	-7
Fruit cocktail.....	327	285	-13
Grapefruit.....	139	126	-9
Peaches.....	651	504	-13
Pears.....	310	262	-15
Pineapple.....	463	543	+17
Plums.....	101	65	-36

Canned Juices			
Juice, grapefruit.....	469	185	-61
Juice, orange.....	492	778	+58
Juice, orange & grapefruit.....	501	413	-18
Juice, pineapple.....	379	548	+5
Juice, tomato.....	1,370	1,127	-18

Canned Vegetables

Asparagus.....	304	210	-31
Beans, lima.....	492	391	-27
Beans, snap.....	1,367	898	-34
Beets.....	"	382
Carrots.....	247	252	+2
Chili sauce.....	"	78
Corn, cream style.....	394	382	-3
Corn, whole kernel.....	1,017	769	-24
Peas.....	941	812	-14
Potatoes, sweet.....	1,367	894	-36
Pumpkin.....	139	112	-19
Spinach.....	100	110	+10
Tomatoes.....	2,000	1,413	-29
Tomato catsup.....	834	743	-11
Tomato paste.....	380	189	-51
Tomato puree.....	26	236	+808

* Not announced.

School Lunch Program

	Cases Basis	Cases	Thousands of Pounds
Tomato paste.....	6/10	100,000	4,140
Tomatoes.....	6/10	338,763	17,528
	24/2½	112,700	
Peas.....	6/10	148,820	11,834
	24/303	239,061	
Peaches.....	24/2½	415,074	19,924
	6/10	418,600	17,163
Grapefruit sections.....	24/2s	228,000	6,840
Cons. orange juice			
Hot pack.....	12/3 eyl	208,918	89,208
Cranberry sauce.....	6/10	290,005	128,182

Veterans Administration

Vegetables:	Equivalent Cases of 6/10
Asparagus.....	15,000
Beans, lima.....	16,000
Beans, green.....	42,000
Beets.....	23,500
Beet puree.....	1,822
Carrots.....	5,500
Carrot puree.....	3,756
Catsup.....	10,100
Corn, whole kernel.....	18,000
Corn, cream style.....	11,500
Juice, tomato.....	28,000
Juice, vegetable cocktail.....	8,622
Peas.....	38,000
Pickles.....	18,539
Pumpkin.....	3,200
Tomatoes.....	50,000
Tomato puree.....	29,000
Hominy, lye.....	5,400
Mushrooms.....	3,446
Pimientos.....	2,804
Potatoes, sweet.....	23,958
Sauerkraut.....	1,050

Fruit:	
Apples.....	13,220
Apple sauce.....	12,500
Apricots.....	14,250
Blueberries.....	3,500
Cherries, lt. swt.....	13,472
Cherries, RSP.....	9,000
Figs.....	6,000
Fruit cocktail.....	13,000
Grapefruit.....	15,399
Juice, grape.....	13,500
Juice, grapefruit.....	34,099
Juice, pineapple.....	32,500
Peaches.....	25,380
Pears.....	22,000
Pineapple.....	25,229
Plums, purple.....	9,600
Sauce, cranberry.....	2,000
Fruits for salad.....	2,817

Food and Drug Commissioner

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trial of court cases. Mr. Larrick was made Chief Inspector in 1939, Assistant Commissioner in 1945, and Deputy Commissioner on June 1, 1951. As Deputy Commissioner, Mr. Larrick has frequently represented the agency before Congressional committees.

Appointment of a professional career man to head FDA is in keeping with the expressed preference of the National Canners Association, which had been made known to the Federal Security Administrator. For more than 40 years technologists of the N.C.A. Laboratories and the FDA have enjoyed mutual respect and confidence, enabling N.C.A. to represent the canning industry effectively on problems arising from FDA regulations. Continuation of this combination of capable scientific presentation of industry views together with FDA recognition of the integrity of N.C.A. personnel has been considered valuable in the maintenance of canning industry service to consumers of its products.

Funds for Census Denied

Although Congress passed and the President approved legislation authorizing a census of manufacturers to be taken next year, the House followed the action of its Appropriations Committee and refused to grant the required \$8 million in considering a Supplemental Appropriation Bill this past week. The attitude of the Senate Appropriations Committee has not been made known. However, Congress also passed special legislation in 1953 and then refused to appropriate funds for the work.

Sales Information Reported in Current C & TR Bulletin

Trade Information Bulletin No. 4, containing trade and market information that N.C.A. members may use in their individual bulletins to brokers and buyers, was mailed this week. It is another item in the continuous Consumer and Trade Relations program currently conducted by N.C.A.

The Bulletin reported on a recent study of impulse buying in super markets of six cities which showed extra sales averaging approximately \$300 per super market per week, of which more than a third involved canned foods.

There was also a report on effectiveness of small talking signs, or "shelf-

talkers." A test of five canned foods at a store in Belrose Manor, L. I., revealed increases in weekly sales ranging from 43.8 percent to 300 percent as a result of use of "shelf-talkers."

Other items in the Bulletin dealt with loss of sales from both out-of-stock and out-of-size situations; decreases in shelf space allotments to canned foods; and a resume of the Shop-Rite Stores promotion, which was reported in the INFORMATION LETTER of July 17.

Salary Basis Rules Adopted

The administrator of the Wage and Hour Division has promulgated rules for determining compensation "on a salary basis" of executive, administrative, professional, and other employees entitled to the Section 13 (a) (1) exemption from the Wage-Hour Law. The rules became effective upon publication in the *Federal Register* on July 17.

The rules as adopted substantially follow the proposed amendments published in the *Federal Register* of March 9 (See INFORMATION LETTER of March 20, 1954, page 143). The only change from the proposed rules is the deletion of the provision authorizing deductions from salary for "major disciplinary reasons" and the limitation of this permissible deduction to penalties for violations of safety rules of major significance, the disregard of which would expose the plant or its employees to serious danger.

CCC Borrowing Increased

The Commodity Credit Corporation, whose borrowing authority is used to finance agricultural price support programs, is scheduled to be given another \$1,500,000,000 in borrowing capacity. The increase, the second this year, is provided for in House bill (H.R. 9756) which received the approval of the Committee on Banking and Currency on July 17 and passed the House on July 22.

The Commodity Credit Corporation was formed in 1933 and is capitalized at \$100,000,000. In 1941 its borrowing power of \$1,400,000,000 was raised to \$2,650,000,000; this was raised in 1943 to \$3,000,000,000 and in 1945 to \$4,750,000,000; and again in 1950 Congress raised the CCC borrowing capacity to \$6,750,000,000. Current price support programs made it necessary for Congress to raise the available fund to \$8,500,000,000 in March of this year.

In recommending the increase to \$10,000,000,000, the House Banking Committee reported that * * * "Congress, by prescribing the conditions under which the prices of individual commodities shall be supported and the levels of such price support, has clearly indicated the policy it desires the Corporation to follow with respect to 1954 crops, financial resources must be provided to enable the Corporation to perform the required operations."

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